

Message Text

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TO AMEMBASSY PRAGUE

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TAGS: PFOR, EFIN, CZ, US

SUBJECT: CZECH CLAIMS SETTLEMENT

GENEVA FOR AMBASSADOR SHERER

1. ON DECEMBER 13 SENATE PASSED BY VOTE OF 77-4 TRADE REFORM BILL WHICH INCLUDES LONG/GRAVEL AMENDMENT. HOUSE/SENATE CONFERENCE NOW SCHEDULED FOR WEEK OF DECEMBER 16 TO RESOLVE DIFFERENCES BETWEEN HOUSE AND SENATE VERSIONS OF BILL.

2. SEN. GRAVEL (D., ALASKA) INTRODUCED ON SENATE FLOOR ADDITIONAL LANGUAGE TO LONG/GRAVEL AMENDMENT WHICH WOULD REQUIRE U.S. DISTRICT COURT FOR DISTRICT OF COLUMBIA TO DETERMINE WHETHER GOLD BELONGS TO CZECHOSLOVAKIA. IF COURT MAKES AFFIRMATIVE FINDING, IT WOULD THEN ISSUE APPROPRIATE ORDERS TO ACCOMPLISH THE TRANSFER OF LIQUIDATED PROCEEDS OF GOLD TO CZECHOSLOVAK CLAIMS FUND IN U.S. TREASURY. GRAVEL'S AMENDMENT APPROVED BY VOICE VOTE.

3. FULL AMENDMENT NOW READS AS FOLLOWS: QUOTE: SEC. 408. PAYMENT BY CZECHOSLOVAKIA OF AMOUNTS OWED UNITED STATES CITIZENS AND NATIONALS.

(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, CZECHOSLO-
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VAKIA SHALL NOT BE ELIGIBLE TO RECEIVE MOST-FAVORED- ATION

TREATMENT OR TO PARTICIPATE IN ANY PROGRAM OF THE GOVERNMENT OF THE UNITED STATES WHICH EXTENDS CREDITS OR CREDIT GUARANTEES OR INVESTMENT GUARANTEES, DIRECTLY OR INDIRECTLY, AND THE GOVERNMENT OF THE UNITED STATES SHALL NOT CONSENT TO THE RELEASE TO CZECHOSLOVAKIA OF ANY GOLD BELONGING TO THAT NATION AND CONTROLLED DIRECTLY OR INDIRECTLY BY THE UNITED STATES PURSUANT TO THE PROVISIONS OF THE PARIS REPARATIONS AGREEMENT OF JANUARY 24, 1946, OR OTHERWISE, UNTIL THE GOVERNMENT OF CZECHOSLOVAKIA FIRST PAYS ALL PRINCIPAL AMOUNTS IT OWES TO CITIZENS OR NATIONALS OF THE UNITED STATES ON AWARDS HERETOFORE RENDERED AGAINST THAT NATION BY THE FOREIGN CLAIMS SETTLEMENT COMMISSION OF THE UNITED STATES UNDER THE PROVISIONS OF PUBLIC LAW 85-604 (22 U.S.C. 1642 ET SEQ.).

(B) IF CZECHOSLOVAKIA CONTINUES TO FAIL TO PAY AT LEAST THE PRINCIPAL AMOUNT IT OWES ON SAID AWARDS, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA SHALL HAVE JURISDICTION IN AN APPROPRIATE ACTION TO DETERMINE WHETHER CZECHOSLOVAKIA OWNS THE AFOREMENTIONED GOLD HELD OR CONTROLLED BY THE UNITED STATES, AND UPON A FINDING THAT CZECHOSLOVAKIA DOES OWN SUCH GOLD AND THAT THE UNITED STATES MAY TAKE ACTIONS LAWFULLY TO UTILIZE SAME TO OBTAIN PAYMENT OF THE OUTSTANDING AWARDS IN FAVOR OF ITS CITIZENS, THE COURT SHALL ISSUE ALL ORDERS AND JUDGMENTS NECESSARY TO ENABLE THE UNITED STATES TO PROCEED IN THAT MANNER TO THE HIGHEST AVAILABLE PRICES, AND, AFTER DEDUCTION OF LITIGATION FEES AND COSTS APPROVED BY THE COURT, TO TRANSFER THE BALANCE OF THE LIQUIDATED PROCEEDS TO THE CZECHOSLOVAKIAN CLAIMS FUND IN THE TREASURY OF THE UNITED STATES FOR PAYMENT OF SAID AWARDS, ANY AMOUNT REMAINING IN THE FUND AFTER PAYMENT OF ALL SUCH AWARDS TO BE PAID TO CZECHOSLOVAKIA IN ACCORDANCE WITH INSTRUCTIONS PROVIDED BY THE SECRETARY OF STATE. UNQUOTE

4. TEXT OF SENATE FINANCE COMMITTEE REPORT AND GRAVEL'S DECEMBER 13 STATEMENT ON LONG/GRAVEL AMENDMENT BEING POUCHED. KISSINGER

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